

Message Text

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SUBJECT: CONTINUING DIFFICULTIES OF AMERICAN SUBSIDIARIES IN NAPLES

REF: (A) NAPLES 186; (B) NAPLES 146; (C) NAPLES 0099

BEGIN SUMMARY: PERIOD FEB. 27-MARCH 18 MARKED BY GENERAL LOWERING OF PROFILE OF AMERICAN SUBSIDIARIES IN NAPLES AREA, WITH EXCEPTION OF GENERAL INSTRUMENT (GI), WHICH REMAINS CENTER OF LOCAL POLITICAL CONCERN. GENERALLY LOW-LEVEL LABOR AGITATION AND DEFINITION OF MANAGEMENT AND LABOR POSITIONS MARKED PERIOD, WITH FEW MAJOR DEVELOPMENTS. END SUMMARY.

1. GI HAS REMAINED IN PUBLIC EYE, AS PRIME CASE OF LARGE NUMBER OF FIRINGS IN NAPLES' AREA. REGIONAL GOVERNMENT COUNCIL DEVOTED MARCH 4 MEETING TO DISCUSSION OF AREA UNEMPLOYMENT PROBLEMS. WITH

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FOCUS ON GI. UNANIMOUS RESOLUTION COMMITTED COUNCIL QUOTE TO BLOCK ANY MANEUVER TO REDUCE LEVEL OF FIRM'S ACTIVITY OR EMPLOYMENT LEVELS UNQUOTE. REGIONAL ASSESSOR FOR LABOR AFFAIRS ARMATO, MEETING WITH COMMERCIAL OFFICER MARCH 14, MADE BLUNT POLITICAL PLEA THAT GI WITHDRAW DISMISSALS TO HELP DC WIN VOTES IN JUNE REGIONAL ELECTIONS, IN EXCHANGE FOR A MORE UNDERSTANDING GOVERNMENT ATTITUDE THEREAFTER.

(AIRGRAM REPORTING CONVERSATION FOLLOWS). MEANWHILE, GI PLANT REMAINS OCCUPIED, WITH NO PROSPECT FOR NEGOTIATIONS BEGINNING IN NEAR

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FUTURE.

2. RICHARDSON-MERRELL (R-M) PARTICIPATED IN FIRST OF SCHEDULED SERIES OF TRIPARTITE (MANAGEMENT, UNIONS/FACTORY COUNCIL, REGIONAL GOVERNMENT OFFICIALS) MEETINGS AT THE REGION, MARCH 14, TO DISCUSS FIRM'S FUTURE PRODUCTION AND EMPLOYMENT PROGRAMS. HERNANDEZ WAS SUCCESSFUL IN ACHIEVING AGREEMENT ON ESTABLISHMENT OF TECHNICAL COMMITTEE (ALSO TRIPARTITE, WITH ADDITION OF OUTSIDE EXPERTS) TO PREPARE DETAILED STUDIES ON SPECIFIC ISSUES (RESEARCH, PERSONNEL STRUCTURE, GOVERNMENT FINANCIAL CREDITS), FOR CONSIDERATION AT FUTURE MEETINGS. HOWEVER, SUDDEN ESCALATION OF DEMANDS BY FACTORY COUNCIL CAUGHT BOTH HERNANDEZ AND REGIONAL ASSESSOR FOR PLANNING GRIPPO (WHO WAS CONDUCTING MEETING) BY SURPRISE, AND HERNANDEZ WAS PRESSURED TO AGREE

TO AN ADDITIONAL-- AND DECIDEDLY AWKWARD--MEETING, FEB 21, TO DISCUSS DETAILS OF FIRM'S FINANCIAL POSITION. ALTHOUGH HERNANDEZ NOW PLACED AGAIN ON DEFENSIVE, HE REMAINS RELATIVELY OPTIMISTIC THAT PATIENT LAYING OF POLITICAL GROUNDWORK WILL PERMIT R-M EVENTUALLY

TO EXTRICATE ITSELF FROM CURRENT CRISIS, MOST LIKELY BY SALE TO GOI ENTITY. ALTHOUGH AGITATION AT NAPLES PLANT CONTINUES. IT IS UNDER CONTROL, AND PRODUCTION IS PROCEEDING NORMALLY.

3. ACCORDING SPERRY SUD MANAGER ROSSI, HE HAS RECEIVED VERBAL INDICATIONS THAT U.S. HEADQUARTERS HAS IDENTIFIED SUITABLE PRODUCT AND IS PROCEEDING TO DEVELOP PROGRAM FOR ITS FUTURE PRODUCTION IN NAPLES, PERMITTING MAINTENANCE OF CURRENT EMPLOYMENT LEVELS. HOWEVER, ROSSI INDICATED, SITUATION REMAINS QUOTE FUZZY UNQUOTE, AND HE STILL HAS DOUBTS AS TO COMMITMENT OF U.S. PRODUCTION MANAGEMENT TO FUTURE PROGRAMS HERE. THUS, ROSSI PLANNING TRIP TO U.S., HOPING TO BRING BACK CONCRETE PLANS PRIOR TO NEXT MEETING WITH UNIONS, APRIL 10 (REFTEL A). FACTORY COUNCIL, MEANWHILE, AS RESULT OF MARCH 14 MEETING IN MILAN, HAS GAINED FIRM COMMITMENT OF COUNTERPARTS IN ALL SPERRY/UNIVAC DIVISIONS FOR SUPPORTING STRIKE ACTIONS IN EVENT SPERRY SUD EMPLOYMENT LEVELS ARE THREATEND.

4. OTHER AREA SUBSIDIARIES EXPERIENCING CONTINUES DIFFICULTIES

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INCLUDE AMERICAN UNIFORM (AMUCO) AND MOBIL OIL. AMUCO UNDERGOING FREQUENT STRIKES BY WORKERS DEMANDING INCREASED WAGES AND EMPLOYMENT GUARANTEES. MANAGEMENT FORSEES SEVERAL MONTHS OF AGITATION, INCREASED IF DECISION IS MADE TO LAY-OFF ENTIRE WORK FORCE ONE DAY PER WEEK. ALSO, AS RESULT OF WHAT THEY SEE AS INCREASINGLY DIFFICULT LABOR ENVIRONMENT, MANAGEMENT HAS SHELVED INDEFINITELY PLANS FOR EXPANSION OF AVELLINO PLANT, AND IS STUDYING NORTH AFRICAN COUNTRIES AS POSSIBLE SITES FOR FUTURE EXPANSION. AT MOBIL OIL,

LOCAL FEARS REGARDING POSSIBLE RESTRUCTURING AND LAY-OFFS HAVE
MERGED WITH NATIONAL CONTRACT AGITATION TO BRING ON SERIES OF STRIKES.

MARCH 13, APPROXIMATELY 1000 MOBIL EMPLOYEES AND CONTRACT WORKERS
STAGED MARCH TO REGIONAL GOVERNMENT OFFICES TO REINFORCE THEIR
DEMANDS.

5. COMMENT: AS RESULT OF EFFORT ON PART OF RICHARDSON-MERRELL AND
SPERRY SUD LOCAL MAGEMENTS TO SEEK QUOTE ITALIAN SOLUTION UNQUOTE
TO THEIR CURRENT DIFFICULTIES, LABOR AGITATION, PRESS CRITICISM,
AND GOVERNMENT CONCERN HAVE EASED CONSIDERABLY. ALTHOUGH GENERAL
INSTRUMENT STILL STICKS OUT LIKE SORE THUMB, OTHER U.S. SUBSIDIARIES
ARE BLENDING INCREASINGLY INTO GENERAL CRISIS BACKGROUND, SOMEWHAT
ALLEVIATING OUR PREVIOUS CONCERN (REFTEL A) REGARDING AN ANTI-

AMERICAN POLITICAL TURN IN THE NAPLES ENVIRONMENT. LOCAL MANAGERS
ROSSI AND HERNANDEZ HAVE RECEIVED THROUGH COMPANY CHANNELS COPIES
OF ASSISTANT SECRETARY ENDERS' LETTERS OF FEB 21, AND EXPRESSED
THEIR GRATITUDE FOR INTERVENTION BY USG TO REINFORCE THEIR POSITIONS
AND CREDIBILITY WITH THEIR HOME OFFICES. HOROWITZ
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